



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Paul Krutko  
John Stufflebean

**SUBJECT: GREEN VISION  
IMPLEMENTATION BUDGET**

**DATE:** May 23, 2008

Approved

Date 5/23/08

## **RECOMMENDATION**

Accept workplan for Green Vision Implementation Budget for FY 2008-2009.

## **BACKGROUND**

The San Jose City Council unanimously adopted the Green Vision on October 30, 2007. On February 1, 2008 staff presented the preliminary implementation plan and provided recommendations for achieving the ten Green Vision goals. A portion of the workplan was dedicated to cross-cutting issues that affect all ten goals and the numerous departments engaged in implementation, one of which was the budget and how best to identifying a range of potential funding sources for achieving the goals.

Through the workplan development process, it was recognized that while significant opportunities exist to leverage existing resources and programs, achieving the goals of the Green Vision would not be possible without dedicated resources and the willingness to lay a foundation for future success. The work plan stated "Despite increased efforts at bringing in new revenues, tough choices between old priorities and new priorities may be necessary to ensure that the Green Vision becomes a reality. Staff will continue to refine the budget strategy and cost detail for implementation of the Green Vision and will prepare a Green Vision budget proposal that can be considered with other FY 2008-2009 budget priorities during the City Council's budget deliberations. Similar to the start-up of the Sunshine Reform Task Force, where the City Council appropriated seed funds to begin government initiatives that support transparency, the Administration will consider an additional request of seed funds that can be used to invest in implementation "start-up" as part of the FY2008-2009 budget process."

In his March 2008 Budget Message, Mayor Reed provided additional guidance for the FY 2008-2009 budget by specifically directing staff to include additional resources "for implementation in fiscal year 2008-2009 to accelerate achievement of the ten goals."

The Mayor's message also provided criteria for evaluating Green Vision investment proposals, specifically stating "priority should be given to investments that will:

- provide long-term cost savings from energy efficiency efforts and other green building practices;
- increase economic opportunities for local residents and businesses;
- raise awareness of sustainable practices and encourage participation of all residents and businesses in the Green Vision;
- produce measurable environmental benefits;
- test new clean technologies and green products that may have large-scale application; and
- create opportunities to leverage outside resources and form meaningful partnerships."

In his message, the Mayor also recommended that staff "enable the public to monitor our progress and achievements."

Based upon these criteria staff analyzed various potential investments and proposed a one-time allocation of \$1.4 million in the Manager's proposed FY 2008-2009 budget to fund key implementation projects and initiatives.

## **ANALYSIS**

Using the criteria proposed by the Mayor in his March message, the City Manager proposed one-time General Fund funding of \$1.4 million in the Proposed Budget to support Green Vision goals that require early investment for long-term success or are projected to have a significant return on investment. These investments primarily fall into four categories: investment producing cost-savings or leveraging outside resources, raising awareness/encouraging participation, testing technologies that are anticipated to produce cost-savings or substantial environmental benefit, or enabling the monitoring of progress and achievements.

### **Cost-savings / leverage outside resources:**

- **Energy efficiency projects for City Hall and City Facilities (\$275,000):** This proposal will fund multiple small investments in energy efficiencies projects that are anticipated to have a 2-4 year payback and provide substantial long-term cost-savings. Initial projects include improvements to the City Hall HVAC system and controls to create efficiencies in equipment operation. This would result in net savings to the General Fund, in terms of equipment life cycle and energy savings. For example, in City Hall, an initial one-time investment of \$80,000 to improve the HVAC control system will purchase and install the necessary equipment to generate an on-going savings of more than \$20,000 per year. A second City Hall investment would implement a daylight-harvesting program, which would reduce the amount of electricity used for lighting City Hall. This proposal would result in net savings to the General Fund, in terms of both equipment life cycle costs and energy savings. An initial one-time investment of \$65,000 will purchase and install the equipment necessary to generate an on-going savings of more than \$25,000 per year.

Additional projects to reduce the energy usage of City facilities will include lighting, heating and cooling systems, and control systems. In addition to the ongoing cost-savings, this proposal will advance Goal #2: Reduce per capita energy use by 50%.

- **Department of Energy Solar America City Matching Grant (\$100,000):** This investment provides a local match to a direct financial and technical assistance award from the DOE to create a Solar City "Road Map" that would build upon the Green Vision. This would be a broader, community-scale implementation road map, necessary for effectively implementing Goal #3: Receiving 100% of our electrical power from clean renewable sources. This funding enables the City to use expertise and resources from the DOE to achieve outcomes not possible with current staff and resources. The matched funds will enable the City to work with stakeholders to determine "loading order" or "cost effectiveness" criteria for renewable energy implementation to better prioritize resources, and achieve other policy or economic objectives, which will inform development and implementation of San Jose's Solar City Plan, including any pilot programs related to financing, incentives and educational outreach. The City match will leverage \$200,000 of support from the Department of Energy and technical assistance of substantial value.
- **CalFire's urban forest tree planting program matching grant (\$150,000):** This proposal will provide part of the matching funds to accept two CalFire Grants. These grants will assist in the growth of the Urban Forest by developing Best Management Practices and furthering development of an inventory of City Street Trees. This Green Vision investment proposal will fund a staff position for 18 months to help coordinate the interdepartmental effort to inventory trees and identify Best Management Practices. Remaining funds will be used for the planting and establishment/maintenance of new trees by the City through the efforts of Our City Forest. The cost to plant and establish a new tree is \$700 per tree, and includes planting, staking, a portion of parkstrip concrete removal where necessary, watering, and pruning for a period of three years after planting. Our City Forest estimates that it can find stewards to take on the watering/pruning responsibility for nearly 90% of the trees it can plant with this funding. This investment will leverage \$219,000 of grant money from CalFire and advance Goals #9: Plant 100,000 new trees and replace 100% of our streetlights with smart, zero-emission lighting.

**Raise awareness and encourage participation of residents and businesses:**

- **Low-income rental units energy audits and upgrade incentive program (\$150,000):** This proposed pilot program would target low-income residents, who traditionally have not participated in energy efficiency programs, to upgrade to more efficient household appliances and other weatherization efforts. This program would expand the City's existing similar programs, but would target rental properties, where energy costs are born by tenants and landlords have few incentives to upgrade for energy efficiency, despite the large potential benefit to the occupants. If this pilot program proves successful,

additional funding to continue and expand it may be available through Energy Watch Partnerships, or grants from state or federal agencies. The energy efficiency investments typically amortize in 2-3 years and can provide substantial savings to occupants. This proposal will advance Goal #2: Reduce per capita energy use by 50%.

- **Green Building Policy implementation/staff training (\$75,000):** This proposal is critical to the transformation of City operations to support the Green Vision Goal #4: Creating 50 million square feet of Green Buildings. Investments will be made within three key areas: Staff Education, Stakeholder Outreach, and Policy Development. This proposal will provide funds for the additional staff education and a portion of the outreach required to effectively approach this goal. This proposal includes \$50,000 for staff training to support private sector application of U.S. Green Building Council's Leadership in Energy and Environmental Design, and Build It Green's Green Point Rater/Green Building Professional training. The intent is not for City staff to provide green design services, but rather to ensure staff are familiar with the techniques, technologies, and goals of green building, so that the City of San Jose will be prepared to process permits promptly for, and otherwise encourage in its operations, green building projects. The proposal also includes \$25,000 for outreach, including a Guide to Building Green in San Jose (explaining the policy and supporting resources), portable displays, and minimal advertising to ensure the development community is well aware of the requirements and incentives available.
- **Community outreach and engagement (\$250,000):** Achieving the ten Green Vision goals will require the awareness and participation of the entire San Jose community, including residents, businesses, civic organizations, and schools. Engaging people from across the community and encouraging participation and behavior change presents the greatest challenge for the City staff, but also the greatest opportunity to advance the ten goals. Initial investment in outreach and community engagement will advance key priorities for the Green Vision including generating economic activity, reducing operating expenses, adopting sustainable practices, and improving the quality of life across the community. This proposal will provide funding for key outreach and collateral materials, public events, media outreach, marketing efforts, as well as additional staffing support.

**Test new clean technologies and green products:**

- **Green materials testing for trails and infrastructure (\$250,000):** This proposal includes a proactive/prospective analysis of "green" construction materials and products, such as pervious pavement, low-cement concrete, recycled asphalt, and LED streetlights, for use in the City's Capital Improvement Program (CIP). Funding is proposed for several demonstration projects, including a 2,000 foot segment of the Lower Guadalupe River Trail to evaluate the use of porous concrete. A master plan has already been prepared, so this proposal builds upon the City's existing investment along this alignment. This project will be developed as a partnership with a concrete supplier and contractor

that specialize in porous concrete. Costs will be shared amongst the participants. Other opportunities will be identified within existing (funded) capital projects to evaluate the use of "green" concrete for sidewalks, curb & gutter, wheelchair ramps, driveways, and pervious parkstrip paving. Funds will be used to establish a product performance evaluation methodology and the development of construction specifications supported by lab and field-testing. This proposal will advance Goal #9: Plant 100,000 new trees and replace 100% of our streetlights with smart, zero-emission lighting, as well as Goal #10: Create 100 miles of interconnected trails.

**Enable monitoring of progress and achievements:**

- **Implementation/Coordination of Green Vision across City operations (\$150,000):**  
While dozens of staff and numerous existing activities throughout the City are working towards achieving the Green Vision goals and projects, implementation will be expedited through greater staff coordination, project facilitation, progress monitoring, and tracking of accomplishments and achievements. Dedicating limited resources to coordination and implementation will accelerate the staff's ability to achieve early 'low hanging fruit' successes, lead by example, coordinate/collaborate more effectively, and advance all ten Green Vision goals. These staff resources could also assist "Champions" and "Goal Leads" implement the Green Vision, Clean Tech Strategy, Urban Accords, and other key policies, by coordinating key projects across departments and tracking progress centrally, which would also advance the Mayor's recommendation of implementing a way for the public to track the progress and accomplishments of the Green Vision.

In total, the \$1.4 M of preliminary investment is projected to leverage more than \$3M of impact for the City through a combination of fiscal savings, cost avoidance, attracted resources, and economic activity. In addition to the \$1.4 million of one-time funding, a combination of one-time and ongoing funding in all funds of \$7.6 million have been identified that advance the Green Vision through existing programs.

**CONCLUSION**

The Proposed Budget contains a recommendation that the City Council include one-time funding of \$1.4 million for Green Vision implementation in FY 2008-2009.

**COORDINATION**

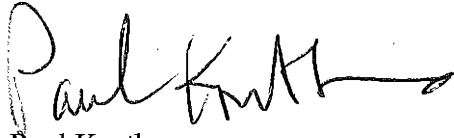
This MBA has been coordinated with the Manager's Budget Office and the Departments of Transportation, Planning, Building, and Code Enforcement, Public Works, Parks, and General Services.

HONORABLE MAYOR AND CITY COUNCIL

May 22, 2008

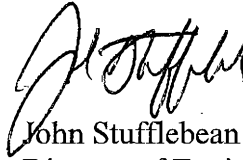
**Subject: Green Vision Implementation Budget**

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Paul Krutko

Chief Development Officer

A handwritten signature in black ink, appearing to read "John Stufflebean", with a stylized, looped structure.

John Stufflebean

Director of Environmental Services